

# Bajaj Allianz Life Insurance

## Macro-Economic Heatmap

LIFE GOALS. DONE.



	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
<b>Banking</b>														
Non-food Credit Growth (YoY%)	12.6%	14.8%	16.3%	13.8%	14.7%	14.6%	13.4%	13.1%	13.3%	11.9%	12.1%	10.1%	8.6%	8.8%
Bank Deposit Growth (YoY%)	8.1%	9.0%	10.8%	8.9%	9.6%	10.0%	10.0%	9.7%	11.1%	10.4%	9.6%	9.7%	9.4%	10.3%
10 year G-Sec Yield	8.03%	7.87%	7.61%	7.36%	7.51%	7.64%	7.46%	7.52%	7.06%	6.88%	6.37%	6.57%	6.70%	6.66%
Foreign Exchange Reserves (\$ billion)	400.5	392.1	393.7	395.6	400.2	402.4	412.9	418.8	421.9	429.8	428.8	428.3	433.7	
Median MCLR	8.1%	8.2%	8.3%	8.4%	8.4%	8.4%	8.3%	8.3%	8.3%	8.3%	8.2%	8.2%	8.1%	8.0%

Bank credit growth slows down, while deposit growth picks up. Bond yields soften a bit, but fiscal concerns weigh. Forex reserves pick-up and hit a record high.

<b>Industry</b>														
Cement Production (YoY%)	11.8%	18.4%	8.8%	11.6%	11.0%	8.0%	15.7%	2.3%	2.8%	-1.7%	7.9%	-4.9%	-2.1%	
Steel Production (YoY%)	3.2%	2.4%	5.3%	10.1%	5.5%	4.9%	11.5%	13.3%	13.3%	8.4%	8.9%	5.0%	-0.3%	
Index of Industrial Production (IIP, YoY %)	4.6%	8.4%	0.2%	2.5%	1.6%	0.2%	2.7%	3.2%	4.5%	1.3%	4.6%	-1.4%	-4.3%	
Manufacturing (YoY%)	4.8%	8.2%	-0.7%	2.9%	1.3%	-0.3%	3.1%	2.5%	4.4%	0.3%	4.5%	-1.6%	-3.9%	
Mining (YoY%)	0.1%	7.3%	2.7%	-1.0%	3.8%	2.2%	0.8%	5.1%	2.3%	1.5%	4.8%	0.0%	-8.5%	
Electricity (YoY%)	8.2%	10.8%	5.1%	4.5%	0.9%	1.3%	2.2%	6.0%	7.4%	8.6%	4.8%	-0.9%	-2.6%	
PMI Manufacturing Index	52	53	54	53	54	54	53	52	53	52	53	51	51	51
PMI Services Index	51	52	54	53	52	53	52	51	50	50	53	51	51	51
Rail Freight Traffic (YoY%)	12%	13%	3%	8%	8%	5%	5%	5%	7%	3%	4%	-3%	-2%	2%
Port Traffic (YoY%)	5.2%	5.4%	4.8%	3.8%	3.1%	2.8%	2.9%	5.7%	2.5%	1.5%	2.0%	1.9%	1.5%	0.4%

Industrial production growth has contracted over the past couple of months. Manufacturing & Services PMI sees some slowdown. Steel and cement production also registers slowdown.

<b>Consumer</b>														
Passenger Car Growth (YoY %)	-5.6%	0.4%	-0.9%	-2.0%	-2.6%	-4.3%	-6.9%	-19.9%	-26.0%	-24.1%	-36.0%	-41.1%	-33.4%	-6.3%
Two- Wheeler Growth (YoY%)	4.1%	17.2%	7.1%	-2.2%	-5.2%	-4.2%	-17.3%	-16.4%	-6.7%	-11.7%	-16.8%	-22.2%	-22.1%	-14.4%
Light Commercial Vehicle Growth (YoY%)	22.9%	29.1%	17.5%	4.1%	3.2%	5.8%	3.9%	-1.1%	-3.7%	-9.8%	-18.8%	-28.2%	-23.1%	-8.7%
Medium & Heavy Commercial Vehicle Growth (YoY%)	26.0%	17.5%	-11.0%	-20.7%	0.7%	-8.8%	-4.7%	-13.6%	-19.7%	-16.4%	-37.5%	-54.3%	-62.1%	-50.1%
Air Traffic (YoY %)	19%	13%	11%	13%	9%	6%	0%	-4%	3%	6%	2%	4%	1%	

Auto sector growth still in negative territory, but some segments see some recovery, especially passenger cars. Medium & heavy commercial vehicle growth still quite deep in the red.

<b>Foreign Trade</b>														
Export Growth (YoY %)	-2%	17%	-1%	0%	4%	3%	12%	0%	4%	-8%	2%	-6%	-7%	-1%
Import Growth (YoY %)	13%	19%	5%	1%	2%	-3%	2%	6%	6%	-9%	-10%	-13%	-14%	-16%
Trade Deficit (\$,billion)	(14.95)	(18.00)	(17.63)	(14.5)	(15.0)	(9.7)	(11.0)	(16.3)	(16.7)	(15.9)	(13.5)	(13.4)	(10.9)	(11.0)
Trade Deficit (YoY %)	59%	23%	17%	2%	-2%	-18%	-20%	16%	11%	-10%	-27%	-25%	-27%	-39%

Trade deficit remains stable as import growth contracts more than export growth.

<b>Inflation</b>														
CPI Headline Inflation (YoY%)	3.7%	3.4%	2.3%	2.1%	2.0%	2.6%	2.9%	3.0%	3.0%	3.2%	3.1%	3.3%	4.0%	4.6%
Food Inflation (YoY%)	1.0%	-0.1%	-1.7%	-1.6%	-1.3%	-0.1%	0.7%	1.4%	2.0%	2.4%	2.3%	3.0%	4.7%	6.9%
Fuel Inflation (YoY%)	8.6%	8.5%	7.2%	4.5%	2.1%	1.2%	2.3%	2.6%	2.5%	2.2%	-0.3%	-1.7%	-2.2%	-2.0%
Core CPI (ex food & fuel) - YoY %	5.8%	6.2%	5.7%	5.7%	5.4%	5.3%	5.0%	4.5%	4.2%	4.1%	4.3%	4.2%	4.0%	3.5%

Consumer Price Index (CPI) headline inflation picks-up due to rise in food inflation. Core inflation continues to moderate.

<b>Fiscal</b>														
Central Govt Expenditure (YoY%)	17%	6%	-16%	-1%	20%	18%	-14%	14%	4%	-11%	24%	26%	34%	
Fiscal Balance FYTD (Rs. trillion)	5.9	6.5	7.2	7.0	7.7	8.5	6.5	1.6	3.7	4.3	5.5	5.5	6.5	
Fiscal Balance FYTD (as % of BE)	94%	102%	113%	111%	122%	134%	102%	22%	52%	61%	78%	79%	93%	
GST Collection (₹ billion)	1,035	1,007	976	947	1,025	947	1,066	1,139	1,003	999	1,021	982	919	954

Fiscal deficit was 93% of the full year target for FYTD 20 (upto September), primarily due to lower indirect tax (esp. GST collections). Monthly GST collections have slowed down below the Rs. 1 trillion mark.

Source: Spark Capital, Bloomberg, Bajaj Allianz Life Insurance



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